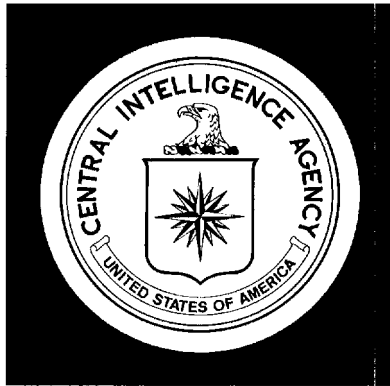


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NORTH VIETNAM: The North Vietnamese apparently have recently held their 21st Central Committee plenum.

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This is the first plenum in almost two years. Its resolution will provide the first formal Central Committee guidance for the post - Paris agreement period, although the regime issued a party-government resolution when the agreement was signed. The regime's public treatment of the resolution may provide some insight into Hanoi's line on such issues as the conflict in the South and the long-overdue party congress.

The Central Committee generally meets to ratify important Politburo decisions. The 20th plenum was held in early 1972, not long before the spring offensive. The more important 19th in late 1970 dealt with the growing South Vietnamese threat to southern Laos and enunciated a comprehensive line on domestic economic development. It probably also ratified a tentative decision to proceed with the plans that eventually led to the 1972 offensive.

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SOUTH KOREA: President Pak's third emergency decree, announced yesterday, is aimed essentially at isolating critics of his regime by attempting to develop broad popular support for his campaign to curb political dissent.

The decree lists measures to alleviate the growing economic burden of the average South Korean through stabilizing the cost of basic commodities and otherwise slowing the rate of inflation. It also rescinds some unpopular legislation, lowers taxes, and provides for pay increases and more jobs.

Pak presented this decree as part of his program for maintaining rigid political and economic control which also includes measures for suppressing critics of the government. He claimed that those pressing for political change, "though few in number," are diverting the government's attention from measures to cope with economic difficulties.

The new decree will have considerable appeal and is likely to weaken the support of the critics calling for political reform. Informed South Koreans, however, will see the government's action as not much more than a diversionary tactic, and demands for reforms will continue. The regime is prepared to use the full authority of the earlier decrees to intimidate those not otherwise dissuaded by its conciliatory actions. It has recently arrested and interrogated senior opposition politicians, intellectuals, and clergy. Most have been released after several hours, although some--including the leader of the signature campaign--are apparently still in custody.

Pak is likely to persist with this carrot-and-stick approach in the hope that it will forestall a public challenge to his authority that would precipitate a serious political confrontation.

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USSR: Attacks on Aleksandr Solzhenitsyn in the Soviet press have increased, but there are signs that Moscow does not intend to take any immediate action against him.

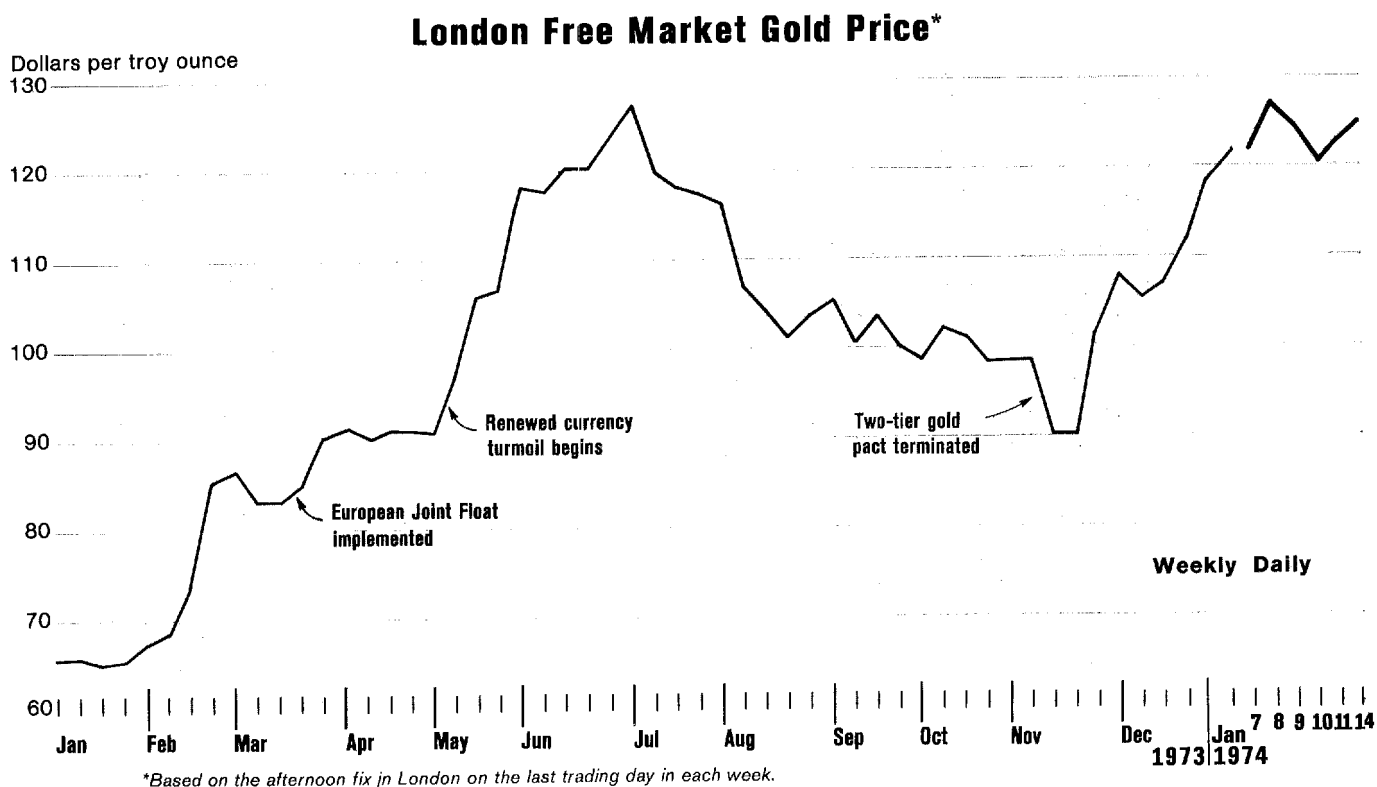
The slowly mounting press campaign against the author of Gulag Archipelago hit a new high on January 14 with a lengthy signed Pravda article that accused Solzhenitsyn of holding "anti-Soviet" and "anti-patriotic views," and asserted that the author "merits the fate of a traitor." There have been hints that ostracism and public vilification, rather than criminal penalties, are what the Soviets have in mind.

The private comments of Soviet officials do not suggest that criminal proceedings against Solzhenitsyn are imminent. A Pravda deputy editor stated privately on January 10 that Solzhenitsyn had broken the law, but that foreign policy considerations--such as the resumption of CSCE negotiations--would probably bar official action against him. The editor's personal preference was to see Solzhenitsyn sent into exile in the West where, he added, the writer would soon be forgotten. In another conversation with US Embassy officials, a second news commentator deplored "excessive" Voice of America coverage of Solzhenitsyn's case, charging that it played into the hands of cold warriors on both sides.

According to a Western correspondent in Moscow, Solzhenitsyn himself does not now believe that he is in any immediate danger. Earlier, he reportedly had told Western visitors that he feared imprisonment.

[REDACTED]





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GOLD: The price of gold, which equaled its all-time high of \$127 an ounce in London last Tuesday, was quoted at \$124.75 an ounce yesterday. Although unstable conditions on world money markets have contributed to the recent increase in demand for gold, the price has also been driven up by a decrease in supply.

Moscow reportedly made only small sales in October and virtually none since then, indicating that its requirements for foreign exchange to pay for imports have been temporarily satisfied. During the first nine months of 1973, the Soviets apparently sold about 300 tons of gold compared with about 160 tons in all of 1972.

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IRAQ: The Iraqi military apparently is forming a FROG rocket battalion. [REDACTED]

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The FROG is an unguided tactical rocket capable of delivering a 1,200-pound warhead to a range of about 40 miles. Each FROG battalion usually has four launchers. Both Egypt and Syria have such rockets and used them during the October war. [REDACTED]

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BRAZIL: Today's election of retired General Ernesto Geisel as the next President means that Brazil's policy directions will remain basically the same. Geisel, named last June by President Medici as his successor, will be officially ratified today by a special electoral college convened in Brasilia. There is no doubt as to the outcome of the balloting because the government party has an overwhelming majority.

Geisel, who will take office on March 15, is the fourth in a line of army generals to reach the presidency since the military took power in 1964. Like his predecessor, Geisel is expected to give top priority to economic development, while stressing national security and a growing role in world affairs--including an independent, though not radically nationalistic, foreign policy.

At the same time, Geisel's style and the composition of his governing team will differ from President Medici's. Some Brazilian politicians feel he is basically more liberal than Medici and thus disposed to permit a gradual "democratic opening" that would restore some political activity. In addition, some observers view Geisel as somewhat more nationalistic than Medici and thus likely to be more cautious in his approach to foreign investment and business activity in Brazil.

The current presidential succession process, which is unfolding according to plan, lacks the atmosphere of tension that accompanied other successions since 1964. This is because Medici deals from a position of strength his predecessors did not enjoy. Under his administration, economic growth has been strong and steady, while urban terrorism has declined to virtually nothing. Thus, Medici has the confidence of a broad range of top officers, the sine qua non for governing effectively. Geisel appears to command similar respect.

GUATEMALA: A growing number of key government and military officials, including General Laugerud, the government's presidential candidate, believe that he will lose the election on March 3 to the leftist opposition candidate, General Rios. Some of them favor action to prevent Rios' election and are considering vote fraud, a coup by the government, or a legal postponement of the elections.

President Arana does not yet appear to be convinced that any of these actions will be necessary. He probably still believes that his strategy of dividing the leftist vote and uniting the moderate and rightist vote behind Laugerud will produce the margin of victory.

In any event, Arana's ability to carry off a coup would depend heavily on the attitude of the army. Middle and lower ranks are now opposed to intervening in the political process. Blatant vote fraud would be difficult to hide. A plausible pretext, such as serious public disorder, would be needed to postpone the elections.

Despite this appearance of confidence and the factors arguing against drastic action, pressures on Arana are mounting. Government campaign managers are no doubt disturbed by reports that Rios will soon pick up the substantial centrist and rightist support of two presently unaffiliated opposition groupings. These groups will help Rios shed his leftist image in the important professional and business voting bloc.

The government camp is also worried about the opinion polls, which show nearly half of the electorate undecided. Officials fear that Rios will win over many of the undecided by blaming the government for the rising cost of living and by revealing high-level government involvement in illegal business deals.

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ZAIRE: [REDACTED] the  
Zairian Government intends to limit even further  
Belgian involvement in the country's copper industry.

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[REDACTED]

Under a complex series of agreements stemming from Zaire's nationalization of the Belgian-owned copper mines in 1967, the final refining and marketing of virtually all of Zaire's copper--more than 450,000 tons per year--is contracted to the former Belgian parent company in Brussels. The contract also calls for technical and managerial services to be supplied by Brussels, payment for which includes substantial compensation for the 1967 take-over.

The Zairian Government is now studying the possibility of renegotiating the contract in order to gain greater control over marketing copper and to reduce the compensation payments. Kinshasa and Brussels disagree over the amount of compensation that remains to be paid, but Mobutu believes that the present accord is greatly inflated.

Mobutu does not appear committed at this time to withholding copper, although he might accept an alternative Tunisian suggestion for construction of a refinery in Zaire financed by an Arab consortium. Withholding copper would be illegal under the current contract with Brussels. Such an action might frighten off Western investors, already apprehensive over government moves last month to nationalize the country's non-industrial sector. Mobutu, however, could use the threat of withholding copper in order to prod the Belgians to accede to his wishes.

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UNITED KINGDOM: The government's refusal yesterday to accept a trade union proposal for settling the current miners' dispute increases the possibility that Prime Minister Heath will call an early election.

The Trades Union Congress (TUC), the umbrella organization of British unions, proposed last week that the government consider the miners a "special case" and allow them to receive pay increases beyond the government counterinflation guidelines. In return, the congress would restrain wage demands of other unions. In the past, the Trades Union Congress has not always been able to control the actions of its 10 million members, and growing union militancy suggests that the workers would not agree to any such restraints even if proposed by their leaders. Prime Minister Heath's willingness to meet with the TUC leaders probably was designed to show the British electorate that he is willing to explore every avenue in an effort to end the confrontation with the miners. His problem, however, has been compounded by a 24-hour walkout by railroad engineers which has brought British rail service to a standstill.

Heath may now call for an election to be held in early February, before a new voter register goes into effect. The Prime Minister's standing in the opinion polls is stronger than it has been at any time since he was elected in 1970. This factor, plus Heath's desire for a new mandate from the people on his programs to fight inflation and achieve some discipline in industrial relations, makes it advantageous for him to call an election now.

In preparing for the possibility of an early election, the opposition Labor Party, aware of these political trends, late last week issued a preliminary election manifesto. The document reiterates Labor's call for a massive extension of public ownership, including North Sea gas and oil, and proposes to implement mandatory price controls and voluntary wage controls. Labor also pledges to renegotiate EC membership, reduce defense spending, and remove US Polaris bases from the UK.

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**TUNISIA-LIBYA:** President Bourguiba has decided to cancel the agreement he signed on January 12 to merge Tunisia with Libya [REDACTED]

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Another union fiasco could be a severe blow to Qadhafi. His move toward Tunisia was essentially a grasping effort to pull himself out of the political isolation brought on by the failure of the Libyan-Egyptian union last fall. Qadhafi's estrangement--deepened in recent months by his opposition to the cease-fire agreement and the Geneva conference--has left him with few political allies and on the brink of an open break with Egypt. Despite their ideological differences, Qadhafi admires Bourguiba and apparently believes that an alliance with him would salvage some prestige, in addition to providing greater Libyan influence over succession politics in Tunisia.

A change of mind by Bourguiba so quickly after agreeing to unity would cause Qadhafi's image to suffer seriously at home and throughout the Arab world. The Libyan leader's strong domestic position could probably withstand such a failure, but his personal reaction might result in another round of his resignation threats.

The political embarrassment of publicly retracting the union announcement could force both men to agree on a face-saving compromise. Bourguiba may decide that a protracted period of preparations for the merger would give him enough time to negotiate his own terms or pull back more gracefully. Qadhafi has rarely had to deal with an individual such as Bourguiba, who also operates with few domestic restraints and is quite willing to demand his own way despite serious risks. In any confrontation, Qadhafi might be willing to make concessions on the timetable and structure of union and other issues which do not compromise the spirit of the agreement.)

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In a move clearly designed to tighten his control and to ensure the complete loyalty of his intimate advisers, Bourguiba reshuffled part of his cabinet yesterday. Foreign Minister Masmoudi, a long-time supporter of closer ties with Libya, was dismissed and replaced by Bourguiba's loyal cabinet director, Habib Chatti.

Masmoudi's dismissal suggests he pushed too hard in convincing Bourguiba to accept a union with Libya.

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